

# **Charity Gaming Legislative Changes** **(effective July 1, 2015)**

## **Senate Enrolled Act No. 327**

- **“Progressive Bingo”**: a bingo game in which, if no person matches the predetermined pattern of squares upon the card within the specified number of balls called, the same game will be played later for an increased amount of money, for an increased amount of balls called, or both. *Ind. Code 4-32.2-2-21.7.*
  - This change allows a qualified organization to establish a progressive bingo in their program. The organization **must** establish house rules that clearly state how the game will be played and identify the payout progression of the game.
  - There is a Two Thousand Dollar (\$2,000) maximum value for a single progressive bingo game. *Ind. Code 4-32.2-5-17(a)(2).*

**\*NOTE:** The maximum allowable payout for all bingo games at one event is not affected by this change and remains at \$6,000.

- **Pull Tabs, Punchboard, and Tip Boards**
  - The maximum payout for one winning pull tab ticket continues to be \$599. *Ind. Code 4-32.2-5-20(b)(1).*
  - The maximum payout for one winning pull tab ticket in a game using a seal card is \$1,000. *Ind. Code 4-32.2-5-20(b)(2).*
    - **“Seal Card”**: a board or placard used with pull tabs that contains one or more seals that reveal a pre-designated winning number, letter, symbol, or monetary denomination when opened. *Ind. Code 4-32.2-2-27.3.*

- The maximum payout for one winning ticket in a progressive pull tab game is \$5,000. *Ind. Code 4-32.2-5-20(b)(3).*
  - **“Progressive or carryover pull tab”**: a pull tab game played with a seal card that is designed by the manufacturer to include a jackpot prize that is carried over to a subsequent deal of the same form number in the event that the jackpot prize is not won. *Ind. Code 4-32.2-2-21.9.*
  - Clarification: If the progressive jackpot has reached the maximum \$5,000, and the winner receives \$200 on the ticket as an instant winner, then he/she goes to the board and wins the jackpot, the maximum he/she can be paid from the jackpot is \$4,800. (Total of \$5,000 on a single ticket).
- The maximum total prizes payout for one pull tab, punchboard, or tip board game may not exceed \$10,000. *Ind. Code 4-32.2-5-20(a).*

**\*NOTE:** All pull tab games must be played as manufactured. (After July 1, 2015 distributors will have pull tab games available for sale that will meet the new maximum payouts.)

**\*NOTE:** The maximum selling price for a single pull tab, punchboard, or tip board ticket is not affected by this change and remains at \$1.00.

- **State Foundations and State Organizations**

- **“Bona fide state foundation”** is an organization that:
  - Operates without profit to the organization’s members;
  - Is exempt from taxation under Section 501 of the Internal Revenue Code; and

- Has provided grants to Indiana organizations in aggregate amounts that annually exceed \$50,000 in each of the three (3) calendar years preceding the calendar year of the application.  
*Ind. Code 4-32.2-2-10.3.*
- **“Bona fide state organization”** is an organization that:
  - Operates without profit to the organization’s members;
  - Is exempt from taxation under Section 501 of the Internal Revenue Code;
  - Has a state membership; and
  - Has been continuously in existence in Indiana for at least three (3) years.  
*Ind. Code 4-32.2-2-10.7.*
- Bona fide state organizations and bona fide state foundations have been added to the qualified organizations that may obtain an annual comprehensive charity gaming license. *Ind. Code 4-32.2-4-20(a).*
  - Note that the annual comprehensive charity gaming license is only available to national and state organizations or foundations.
- Requires a minimum of one (1) year of existence of an Indiana affiliate of a qualified organization holding an annual comprehensive charity gaming license to conduct a raffle or door prize event under that license. *Ind. Code 4-32.2-5-29(d).*
- **Licensed Supply**
  - A qualified organization may pay for licensed supplies only with a check drawn on or by an electronic funds transfer from the organization’s gaming account. *Ind. Code 4-32.2-5-25(c).*
- **Distributors of Licensed Supply**
  - A licensed distributor may only obtain licensed supply to be used in charity gaming from a licensed manufacturer or distributor unless:

- The distributor obtains the supply from a qualified organization that has ceased gaming;
- The distributor obtains the supply from a qualified organization that is upgrading equipment; or
- The distributor has previously notified and obtained permission from the Commission.

*Ind. Code 4-32.2-5-25.3(a).*

- A licensed distributor may only provide supplies to be used in charity gaming to a qualified organization holding a valid gaming license or exempt under Ind. Code 4.32-2-4-3 from obtaining a gaming license. *Ind. Code 4-32.2-5-25.3(b).*
- A licensed distributor that sells any licensed supply with a prize value that would require the qualified organization to report a patron's gambling winnings to either the IRS or Indiana Department of Revenue for income tax purposes must submit notice of the sale in quarterly reports to the Commission. *Ind. Code 4-32.2-9-8(b).*

### **House Enrolled Act No. 1435**

- A qualified organization may award alcohol as a prize at an allowable event if the requirements of Ind. Code 7.1-3-6.1 are met. *Ind. Code 4-32.2-4-13.5.*
  - A qualified organization that holds a charity gaming license may award alcohol as a prize at an allowable event without obtaining an alcoholic beverage permit. *Ind. Code 7.1-3-6.1(3).*
  - Alcohol must:
    - have been purchased by the organization or donated to the organization by a person/permittee described in Ind. Code 7.1-3-6.1(5);
    - be in sealed bottles or cases; and
    - be provided for consumption off the premises only. *Ind. Code 7.1-3-6.1(4).*

- The winner must be present at the event to receive an alcoholic beverage prize, and must be given the alcoholic beverage prize in person by an individual designated by the qualified organization. *Ind. Code 7.1-3-6.1(6)(a).*
- The individual designated by the qualified organization to award an alcoholic beverage prize must be at least twenty-one (21) years of age, but does not need to hold a bartender's permit. *Ind. Code 7.1-3-6.1(6)(b).*
- When giving away the alcoholic beverage prize, the designated individual shall comply with Ind. Code 7.1-5-10-15; Ind. Code 7.1-5-10-23; and any other provision of Ind. Code 7.1 that applies to the furnishing of alcoholic beverages for consumption of the premises. *Ind. Code 7.1-3-6.1(6)(c).*
- An allowable event which awards an alcoholic beverage as a prize may be conducted on premises that are not otherwise licensed under Ind. Code 7.1 for the sale of alcoholic beverages. *Ind. Code 7.1-3-6.1(7).*
- A qualified organization may sell an alcoholic beverage at auction as provided under Ind. Code 7.1-3-6.2 without obtaining an alcoholic beverage permit. *Ind. Code 7.1-3-6.2(2).*

